

TOWN MANAGER

I am pleased to submit to you my eighth annual report as Town Manager. During the course of 2004, I continued to discharge my duties as set forth in Section 11 of the Board of Selectmen - Town Manager's Act. As part of these duties, I attended the regular and special meetings of the Board of Selectmen in addition to special workshops that were used to focus on specific critical issues. In addition, I attended meetings of other Boards, Committees and Commissions as necessary and appropriate.

For the second consecutive year I did not make any new appointments in the senior staff area as our staff turnover continues to be very low. This is the result of both the quality and maturity of our staff but also to the excellent work environment that is provided to all of us by the townspeople of Shrewsbury. All departments continue to receive excellent support from all elected and appointed officials including the membership of the Town Meeting for which we are all grateful.

I do wish to note, the retirement of Ms. Bonnie O'Brien who served as the Town's Library Director for 26 years. Ms. O'Brien's contribution to the quality of life of Shrewsbury was great and her service will be missed. To fill this vacancy, the Board of Library Trustees appointed Ms. Ellen Dolan of West Boylston to serve as the new Library Director.

I have continued my efforts to close out the new High School Project which is now well into its third school year of operation. Legal issues have precluded the closing out of the project and I will endeavor to resolve them over the coming months. Once all legal issues are resolved, many of the remaining punch list items will be completed and the project will be closed out.

The former High School newly renovated opened as the Oak Middle School in September of 2004 after two years of construction. There was a slight delay in the opening and I thank the indulgence of the school community in dealing with this hardship. Like the High School project, I will endeavor to get this project closed out in 2005.

2004 continued the practice of my tenure which is the move from one major building project to another. While this office works to close out the High School and Oak Middle School Projects we began preliminary work on a Fire Headquarters project, Sherwood Middle School Renovation project and Library Addition Project. I expect that Town Meeting will be acting on proposals in 2005 or 2006 dealing with each of these initiatives.

In addition to building projects, this office continues its involvement in a multitude of public works projects. Michael Hale the Assistant Town Manager works diligently with Town Engineer Jack Perreault and other public works department heads in a series of projects. Clearly the most public project for this year was the Town Center road and traffic signal improvements that not only improved the functionality of the intersection but greatly enhanced the overall appearance of the area. This was very much a cooperative effort with involvement by the Commonwealth of Massachusetts, various Town departments and so many Town residents, organizations and businesses that contributed to the various enhancements we now enjoy.

The Fiscal Year 2003 Tax rate was set at \$9.74 increasing the average single family tax bill to just over \$3,200. The continuing poor fiscal situation of both the Commonwealth and Federal

Governments indicate to me that we will not be able to rely on ever increasing revenue transfers from the upper levels of government but we must rely on our own local resources.

It appears that while the economy appears to be improving, it will be many more years before we can expect major increases in Local Aid as the Commonwealth is dealing with a cost structure that will get worse before it gets better. In October 2004, the Massachusetts Taxpayers Foundation issued a bulletin that advised that the Commonwealth will face in the coming years a larger and growing structural deficit. There must be a realization by all citizens that the cost of government must either be reduced or revenues via taxation must be expanded. The continuing notion that we can increase spending, expand services, introduce new programs while reducing taxation must be dispelled. While there is possibility to continue to wring out savings and to grow the economy the fundamental issue of structural deficits and the local, state and federal levels must be addressed.

As of this writing my Fiscal Year 2006 budget proposal is over \$5 million out of balance which is a far greater sum than in all previous years. Our costs structure, particularly in the areas of general insurance, pensions and group health insurance continues to be quite worrisome to me.

There are only two ways that I can pursue to maintain the Town's fiscal stability which involve revenue and expenses. On the revenue side, I must do better in expanding the non-residential tax base in this community. While we have made progress in this area, far more work is required and the greater business community must decide that the economy is strong enough to support new non-residential construction. To this end, the May 2004 Annual Town Meeting approved a zoning overlay district proposal that will create greater incentives for the redevelopment of the Rte 9 corridor that lies between Oak Street and Lake Quinsigamond.

This office continues to work with the Shrewsbury Development Corporation that was created to develop the Allen Property located on South Street and Rte 20. I direct your attention to the annual report of the Shrewsbury Development Corporation for a more specific report on the progress of this project.

The other major initiative associated with our economic development program is the construction of the Cherry Street Connector that will link Rte 20 directly to Green/Pine Street in Grafton. In addition to providing a direct route to the MBTA commuter rail station, this new road opens up several very important parcels of property for non-residential development. This office closely partnered with the Worcester Business Development Corporation (WBDC) to secure additional land from the Commonwealth easterly of CentTech Park. This new project will be entirely in the Town of Shrewsbury unlike the original CenTech Park which was primarily a Grafton project. We are however, fully committed to working with the Town of Grafton in any way possible as success in one community certainly benefits another.

As of this writing, I am seeing signs of interest towards non-residential development. In recent weeks, we have had a number of meetings with perspective developers so I am hopeful that we will see some activity in 2005.

On the charges side, I must continue to work with all parties to bring our costs of operation down whenever possible. This is very difficult when fixed costs are becoming such a problem, particularly, by example, in the area of group health insurance. Our costs of providing health insurance to our employees have grown from \$1.6 Million in Fiscal Year 1998 to \$5.8 Million in

Fiscal Year 2005. I cannot foresee any circumstance that would allow for this type of increase to continue within the confines of our existing revenue stream. There must be relief either from the regulatory and legal environment, the marketplace or a major change in the revenue stream to avoid service levels being impacted by this particular fixed cost.

We continue to wrestle with the challenges associated with the growth rate of this community. While the number of new homes built in 2004 was the lowest number in many years, the downstream affect of the growth of the 1990's continue. Enrollment growth and other demands for service are taxing existing department staffing levels. In my Fiscal Year 2006, I have proposed increased funding and staffing in several departments in order to keep up with demand.

While the rate of growth of single family residences has closed, we are now challenged in the multi-family area since developers have discovered Shrewsbury from the standpoint of the use of G.L. Chapter 40B. The provisions of Chapter 40B allow developers to override local zoning rules to their benefit and construct multi-family housing in non-residentially zoned property. This action has the double negative impact of creating more costs to provide services to these new residents while losing limited non-residentially zoned property for future generations. Chapter 40B needs to be amended to not penalize communities like Shrewsbury that have not engaged in exclusionary zoning practices which Chapter 40B purports to be designed to combat. The logic of Chapter 40B relative to a low barrier community escapes me and I will continue to endeavor in 2005 to bring this inconsistency to the attention of State officials. Representative Polito did introduce legislation last year to combat this unfair and fiscally unwise condition.

The Town did partner with AvalonBay Communities, Inc. through Local Initiative Project (LIP) process to construct a 264 unit development on Route 20. The pursuit of the LIP option allowed some control over this Chapter 40B project and will be used to avoid any additional proposals during the interim period while we seek redress with the Commonwealth.

In keeping with my practice, I have filed an updated five-year capital plan with the Board of Selectmen and Finance Committee. This document will be used as a tool to coordinate the efforts of the various Public Works Departments in 2005 and beyond. My budget filing, five-year capital plan and public works priority list are available for public inspection in this office.

In 2004 we continued to aggressively pursue a number of public works and public building facilities projects. I direct your attention to the reports of the Engineering, Public Buildings, Highway, Cemetery, Parks, Sewer and Water Departments. These are the Departments that are engaged in the very important work of expanding and maintaining our critical public infrastructure.

In the public works area, we continue to focus on our water supply, storm water management and wastewater treatment infrastructure. We continue to work on federally and state mandated planning work associated with both storm water and wastewater management. While I believe our exposure to additional costs in the storm water management area may result in some budgetary impact, I continue to fear a significant impact resulting from our work relative to the Comprehensive Wastewater Management Planning (CWMP) Project. This project is ongoing in cooperation with the Towns of Westborough, Northborough, Maynard, Hudson and the City of Marlborough. The involved communities all discharge treated effluent from wastewater treatment plants into the Assabet River Watershed thus necessitating this joint planning process.

Hopefully I will soon ascertain what financial and developmental impacts the CWMP process will have upon this community.

In the area of water supply, we continue to pursue the recommendations contained within our Water Distribution Study completed in 2001 by our consulting engineering firm Tata and Howard Inc. This study makes a number of recommendations that deal with supply and distribution issues that must be pursued at best speed and practice in order to provide the water supply necessary to fuel the growth of this community and to supply our current customers. Work to improve our water system capacity and efficiency will not however avoid the need to continue a vigorous water conservation program. Residents must expect that outdoor watering restrictions will be required this coming Spring and Summer and in the future until such time as additional well capacity can be brought on line. In addition, a new rate structure was introduced 2003 to make the use of water more progressive. As of this writing, the impact of this new rate structure on consumption was under evaluation.

The Department of Environment Protection has made it clear that approval of additional capacity will take place only after the Town of Shrewsbury shows more discipline relative to water consumption. Our per day/per capita usage is far greater than other similar communities which is why we must take a more aggressive stance relative to water conservation.

I am extremely pleased with the abilities of all of our public works and facilities departments to continue to manage and plan for our infrastructure needs. I also wish to make special note to the work of Town Engineer Jack Perreault and his very professional staff for assisting me and the other Department Heads involved in the public works and facilities area.

Michael Hale, Assistant Town Manager continues to head up all of the special projects that we are working on. Mr. Hale provides the strategic control necessary to shepherd necessary resources to the various projects. Tactical control of all projects continues to remain with the involved department.

We continue to maintain a high level of preparedness relative to the current focus on homeland security. Donald Filiere is the director of our Emergency Management Agency (SEMA). Gerald Laflamme doubles as the chairman of the Local Emergency Planning Committee (LEPC). Shrewsbury has one of the few certified LEPC's in the area and the degree of cooperation among the various Town departments involved in local preparedness is outstanding. We will continue to work actively in this regard in 2005 and I thank all of the involved parties particularly the many civilian volunteers that are part of our emergency preparedness system.

I will also focus on the many public works infrastructure projects that are either ongoing or soon to be authorized. We must continue to ensure for our long term prosperity that we maintain our public works infrastructure at its highest possible level.

I wish to thank the Finance Committee for their continued assistance in the fiscal management of this community.

I also thank the Board of Selectmen for their continued assistance and support. I continue to find their counsel and direction of great value to me as I discharge my duties. I wish to commend the various department heads, employees, board, committee and commission members for their outstanding efforts to maintain Shrewsbury's excellent quality of life.

I wish to note the excellent work of Assistant Town Manager Michael Hale, Paula Brady and Janice McCoy throughout the past year in supporting the Board of Selectmen and me.

A final thank you to the residents of Shrewsbury for the opportunity to serve as your Town Manager.

Respectfully Submitted

Daniel J. Morgado